

Subject: FW: Consultation on the T+2 finality arrangement for CCASS money settlement

BNP Paribas Securities Services, as a custodian and third party clearer, much welcome the T+2 finality of CCASS money settlement.

Please find below the formal reply to the 4 questions asked:

Question 1:	Do you support the implementation of the proposed T+2 Finality arrangement? If not, what are the reasons?
	Yes
Question 2:	Do you envisage any problems or concerns for you or your company to operate under the proposed T+2 Finality arrangement? If yes, what are the problems and how can the arrangement be refined to help address your problems?
	No, as most impact will be absorbed by our designated bank – Funding will be arranged according to the new timeframe.
Question 3:	What is the estimated lead time required by you or your company to prepare for the implementation of the proposed T+2 Finality arrangement? What are the major preparations required?
	There is no technical impact, and therefore no particular delay to implement the change. Only funding procedures need to be amended. One month notice should allow BP2S to be fully prepared with the change.
Question 4:	Do you have any other comments in relation to the introduction of a T+2 Finality arrangement for CCASS money settlement?
	<p>The change is much welcome as it reduces the counterparty risk during a DVP.</p> <p>We could foresee two further step to go:</p> <ul style="list-style-type: none">• Organising a money settlement cycle after each batch, which would lower even further the risks, while having an acceptable impact on liquidity management or• Arrange a true DVP, leveraging the Cash gross settlement capability offered by the cash clearing system. This would highly secure the DVP process, but would bear significant extra costs per transaction, which is not affordable at this stage. <p>BP2S is in favor of a money settlement cycle after each securities settlement batch.</p>